

# **GEO**

## **Guyana Economic Opportunities**

### **Small Business Empowerment Bill**

#### **Final Report**

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*To:*  
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## **I. Preface**

During the October 1999 Presidential Business Summit with the private sector, it was agreed that the private sector would provide draft legislation for discussion, as a first step in the enactment of a Small Business Act. The GEO Project received requests from both the private and public sectors to assist with the process. The development of the Bill was facilitated by two small-business development specialists, Messrs. Richard Dreiman and Kenneth Smarzik, from Chemonics International. The work, however, was largely accomplished through a dedicated core group of small businessmen and women who gave significant amounts of their own time in discussing, debating, reviewing and revising the various drafts. A very participatory process was followed in first identifying the problems faced by small businesses and then determining which could be ameliorated through legislation. A total of four focus groups were held in Georgetown and six more were hosted by the chambers of commerce in Upper Corentyne, Berbice, Linden, Essequibo, West Coast Demarara, and Rupununi. The end result of this process is the draft bill included in this report. An explanatory memorandum provides background information and additional details for the various clauses in the Bill.

## **SMALL BUSINESS (EMPOWERMENT) BILL 2000**

### **ARRANGEMENT OF SECTIONS**

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## A BILL INTITULED

AN ACT to provide benefits of an institutional, administrative and financial nature for the Small Business Sector on a statutory basis in recognition of that sector's importance to the economic and social development of Guyana.

WHEREAS, as a result of the deliberations at the Summit of the President with representatives of private sector bodies on October 11, 1999, it was agreed to implement measures aimed at the development of the private sector in the national interest;

AND WHEREAS the aforesaid measures include the enactment of legislation for the development of the small business sector including, in particular, the provision of mechanisms and procedures to facilitate the conducting of business by small businesses and the granting of fiscal and other incentives to them;

AND WHEREAS it is the declared policy of the Government to support the small business sector in recognition of its contribution to the development of the economy by *inter alia* increasing opportunities for gainful employment and the alleviation of poverty:

**Be it therefore enacted by the Parliament of Guyana**

### PART I - PRELIMINARY

#### Short title and commencement

1. This Act may be cited as the Small Business (Empowerment) Act 2000 and shall come into operation on such date as the Minister may appoint by order.

#### Interpretation

2. In this Act –

“the Council”	means the Small Business Council established by section 3;
“Minister”	means the Minister assigned responsibility for small business;
“small business”	means any person or persons, including a body corporate or unincorporate, carrying on business in Guyana for gain or profit and satisfying the criteria listed hereunder, but does not include any business having as its principal object the furtherance of a charitable or political purpose: -

No. 29 of 1991 Cap.90:05	(a) is incorporated or registered under the Companies Act 1991 or the Business Names (Registration) Act; or
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Cap.89:02

- (b) is a partnership under the Partnership Act;
- (c) is owned and controlled by those persons who hold the majority shareholding or controlling interests in the business, and is not a subsidiary or affiliate of another company; and
- (d) satisfies at least two of the following conditions:-
  - (i) employs not more than fifty persons;
  - (ii) has gross annual revenues of not more than forty million dollars;
  - (iii) has total business assets of not more than twenty million dollars:

Provided that the Minister may, after consultation with the Council, by order which shall be subject to affirmative resolution, alter all or any of the criteria specified in this paragraph or specify other criteria in lieu thereof.

## **PART II – ADMINISTRATION**

### **Establishment of the Small Business Council**

3. (1) There shall be established for the purposes of this Act, the Small Business Council comprising the following thirteen members:-
  - (a) the Minister or his nominee from the Ministry, who shall be the Chairperson of the Council;
  - (b) a representative of the Ministry, not being the nominee of the Minister under paragraph (a);
  - (c) a representative of the Ministry responsible for finance;
  - (d) eight persons, being members of legally constituted and functioning bodies or organizations representing small businesses in Guyana selected as provided hereunder:
    - i. three persons, being members of three separate Chambers of Commerce functioning outside Georgetown and designated by their respective Chambers;
    - ii. three persons, being members of three separate organizations designated by the body styled the NGO Forum, provided that at least one such person shall represent Amerindian small business interests;
    - iii. two persons, being members of two separate organizations members of the Private Sector Commission and designated by the Commission:

Provided that the Council, by a two-thirds majority vote, may alter the procedure for designating representatives for membership of the Council having due regard to prevailing factors or circumstances.

- (e) One person representing a financial institution, other than a company licensed to carry on banking business under the Banking Act, designated by the Minister as a financial institution providing significant financial assistance to small businesses;
  - (f) one person representing the Banker's Association.
- (2) The organizations referred to in subsections (1) (d) and (e) designated to represent small business on the Council shall have predominantly small businesses as their members or beneficiaries or primary focus.
- (3) The persons referred to in subsection (1) (d) selected to serve as members of the Council shall be owners of viable small businesses.
- (4) The organizations referred to in subsection (1) (d) designated to represent their members on the Council shall rotate, with no organization serving more than one term of office consecutively.
- (5) The term of office of members of the Council referred to in subsections (1) (d), (e) and (f) shall be three years, except for the initial terms specified for the constitution of the Council in subsection (6).
- (6) For the constitution of the Council, organizations referred to in subsection (1) (d) (i) shall designate two members for a term of office of three years and one member for two years. The organizations referred to in subsection (1) (d) (ii) shall designate two members for a term of office of three years and one member for two years. The organizations referred to in subsection (1) (d) (iii) shall designate one member for a term of office of three years, and one member for two years.
- (7) The names of the members of the Council as first constituted and every change in the membership thereof shall be published in the Gazette.
- (8) If a member of the Council, without reasonable cause, fails to attend two consecutive quarterly meetings of the Council, the seat of that member may be declared vacant by the Council and the vacancy shall be filled by the designating organization.
- (9) A vacancy in the membership of the Council may be filled for the remainder of the term of office of the predecessor in office.
- (10) The Minister shall designate an officer in the Ministry to perform the functions of Secretary to the Council.
- (11) Members of the Council shall be paid such travelling and subsistence allowances (if any), as may be determined by the Minister, after consultation with the Minister responsible for finance, for the purpose of facilitating their attendance at meetings of the Council.
- (12) Expenses of the Council shall be defrayed out of monies provided by the Parliament and other resources made available to the Council.

## **Functions of the Council**

4. (1) It shall be the function of the Council: -
  - (a) to review draft legislation proposed by the Government relating to small business or to matters of private sector and economic development in which small business may become involved, and submit comments thereon to the Minister as expeditiously as possible;
  - (b) to prepare and submit annually to the Minister, a Small Business Policy and Administrative Reform Agenda, including recommendations for the addressing of developmental issues, the granting of incentives to small businesses and the facilitation of measures affecting them;
  - (c) prepare in consultation with the Small Business Unit, the Annual Report on Small Business in Guyana for submission to the President not later than ninety days after the end of each financial year; the report shall contain information on:
    - (i) progress made in addressing developmental issues and streamlining administrative procedures relating to small business;
    - (ii) initiatives by the Government to facilitate access to financing by small businesses;
    - (iii) the status of procurement by the Government from small businesses;
    - (iv) the granting of fiscal incentives to small businesses; and
    - (v) statistics relating to the small business sector.
- (2) The first Small Business Policy and Administrative Reform Agenda shall be prepared and submitted by the Council to the Minister within ninety days after the coming into operation of this Act. Thereafter, the Small Business Policy and Administrative Reform Agenda shall be presented annually to the President not later than September 30.
- (3) The Small Business Policy and Administrative Reform Agenda shall be laid in the National Assembly not later than 60 days after it has been received by the President from the Small Business Council.
- (4) The Annual Report on Small Business shall be laid in the National Assembly within 60 days after it has been received by the President from the Council.

## **Meetings of the Council**

5. (1) The Council shall meet at least once quarterly.
- (2) Five members of the Council, including the Chairperson or his or her nominee, and four members out of the categories of representatives specified in Section 3 (1) (d), (e), and (f) shall constitute the quorum of the Council for the transaction of business at meetings of the Council.



- (3) The decisions of the Council shall be made by a majority of votes and, in addition to an original vote in any case in which the voting is equal, the chairperson or his or her nominee shall have a casting vote.
- (4) Minutes in proper form of each meeting of the Council shall be kept by the secretary to the Council and shall be confirmed by the Chairperson or his or her nominee performing the functions of chairperson as soon as practicable thereafter at a subsequent meeting.

### **Establishment and Functions of the Small Business Unit**

- 6. There shall be established within the Ministry, the Small Business Unit with responsibility for:-
  - (a) promoting developmental issues relating to or affecting small business at the governmental level;
  - (b) co-coordinating programs for small business development with funding provided by the Government and other agencies;
  - (c) monitoring the implementation of this Act;
  - (d) reporting quarterly to the Small Business Council;
  - (e) preparing for the approval of the Council the draft of the Annual Report on Small Business in Guyana, which shall include: -
    - (i) the facilitation of official administrative procedures for small business;
    - (ii) initiatives by the Government to facilitate access to financing by small businesses;
    - (iii) the level of procurement by the Government from small businesses;
    - (iv) the granting of fiscal incentives to small businesses; and
    - (v) statistics relating to the small business sector.

## **PART III – FINANCIAL PROVISIONS**

### **Establishment and management of the Small Business Development Fund**

- 7. (1) There shall be established by the Minister a fund to be called the Small Business Development Fund for the following purposes:-
  - a) Loan guarantees to provide greater access to financing for small businesses;
  - b) Non-financial services and assistance to help small businesses improve their productivity and competitiveness;
  - c) Institutional support for organizations representing, promoting, supporting and strengthening small business.
- (2) The resources of the Small Business Development Fund shall consist of:-

- (a) monies appropriated by Parliament for the benefit of the small business sector in furtherance of the objectives of this Act;
  - (b) monies made available by the Government out of loans raised by the Government;
  - (c) grants made to the Fund;
  - (d) monies accruing to the Fund out of investments made by the Fund;
  - (e) other monies lawfully payable to the Fund.
- (3) The Minister, after consultation with the Council and the Minister responsible for finance, shall determine the policies to be carried out by the Fund, and the procedures to be established or instituted for effectively managing the resources of the Fund shall be determined by the Minister or, if so required, shall be authorized by law.

### **Procurement by the Government from Small Business**

8. (1) The Government shall use its best endeavors to ensure that at least twenty percent of the procurement of goods and services required annually by the Government is obtained from small businesses, and for this purpose, the Minister shall prepare annually a Small Business Procurement Program.
- (2) For the purpose of giving effect to subsection (1), the Small Business Unit established by section 6 shall prepare annually for review by the Council and submission to the Minister an annual report on the progress made in implementing the Small Business Procurement Program, forming part of the Annual Report on Small Business prepared pursuant to sections 4 (1) (c) (iii) and 6 (e) (iii).

### **Fiscal Incentives for Small Business**

9. (1) The Government shall use its best endeavors to provide fiscal incentives for small businesses.
- (2) The Minister of Finance shall submit to the President within ninety days after the coming into operation of this Act, a comprehensive list of taxes and incentives that apply or may be applied to small business.
- (3) The Minister of Finance shall furnish the Minister assigned responsibility for small business for his information and the Council with copies of the list of taxes and incentives submitted by him to the President, pursuant to subsection (2).

## **PART IV – GENERAL PROVISIONS**

### **Power to make regulations**

10. (1) The Minister, after consultation with the Council, may make regulations for the better carrying out of the provisions of this Act.
- (2) Regulations made by the Minister pursuant to subsection (1) shall be subject to negative resolution.

## **SMALL BUSINESS (EMPOWERMENT) BILL 2000**

### **Explanatory Memorandum**

#### **Introduction:**

This proposed legislation is the direct result of the Presidential Business Summit held at the Le Meridien Pegasus, October 11, 1999. The President met with a group of private sector leaders with “the intention of engaging the private sector in a frank and open discussion in charting the future course of our country”. On the issue of small businesses, the joint communiqué of the Private Sector-Presidential Summit stated, “it was agreed that the Small Business Act would be laid in Parliament by December 31, 1999. The Small Business Association undertook to provide draft legislation for discussion. This Act would *inter alia* focus on simplified registration, special incentives, and tax regimes for small and micro enterprises.”

With the assistance of the USAID/GEO Project, representatives of the private business community from regions of Guyana and the Government participated in an interactive process for the identification of key issues and constraints facing small businesses in Guyana. A smaller group of members of both the private and public sectors participated in a series of focus groups to discuss the issues and synthesize the findings. This Bill is the result of these discussions and represents the first step in the eventual enactment of legislation that will target the improvement of the small business sector in Guyana.

Small businesses are vital to Guyana's economy, with some estimates indicating that they make up approximately 50% of the working population. As a result, the proactive and full participation of this sector is essential to any initiatives that seek to increase employment, alleviate poverty, empower the private sector, encourage rural development and generally assist in the initiation and execution of economic change.

Small businesses possess distinct traits and characteristics that collectively add strength to any growing economy. They create more wealth per unit of investment, employ disadvantaged groups, are often family oriented businesses, create a spirit and culture of entrepreneurship, develop and transfer skills quickly and efficiently, and adapt quickly to changes in the economy.

#### **Objective:**

In light of the importance of small business to the overall economy, the objective of the Small Business (Empowerment) Bill is to provide statutory governmental recognition and support for this important sector. The Bill seeks to provide the framework for continued governmental focus on the sector. It will provide the enabling legislation and is a first, and necessary, step to ensure that the small business sector continues to receive the attention that it warrants. By setting the stage, the Bill itself does not contain detailed and specific measures that will immediately improve the enabling and business environments for small businesses. Rather, it sets up the institutional and facilitating mechanisms to ensure that necessary specific measures will be implemented, as needed, in the future. The Bill sets out the Government's initiatives in order to ensure that small businesses benefit from governmental support and facilitation, are not

disadvantaged in legislation, regulations or programs initiated by the Government, and are recognized for their collective ability to reduce poverty through the creation of gainful employment throughout Guyana.

The Bill focuses on legally established small businesses. All financial, market and fiscal programs, incentives and concessions will be aimed exclusively at such small businesses.

### **Expected Impacts:**

The immediate impact of the Small Business (Empowerment) Bill when enacted will be the creation of an official, formal process for private-public dialogue on small business matters. Through the Small Business Council, small business representatives of business associations and business-related NGOs, along with senior public sector officials, will regularly propose, review and evaluate initiatives to improve the small business environment. This will ensure that the interests of this vital sector remain at the forefront of governmental policies and action.

The enacting of the Small Business (Empowerment) Bill will also send a strong, positive signal to the business community of Guyana, as well as to the international donor community. This will reinforce the Government's commitment to creating a business-friendly environment, and encourage more active participation from local and international partners. A strong enabling environment, and market, financial and fiscal incentives for legally established small businesses may also encourage informal businesses to become so established.

Over time, through the Small Business Council and its Small Business Policy and Administrative Reform Agenda, the Small Business (Empowerment) Act will create new opportunities and a more conducive business environment for legally established small businesses.

## **PART I - PRELIMINARY**

This Part sets out the definitions, including the most important one, namely what will be deemed as a small business. The word "empowerment" was chosen to link this legislation with other initiatives that the Government is undertaking in relation to poverty reduction and in recognition of indigenous and disadvantaged groups in Guyana.

### **Definition:**

Many parameters – quantitative and qualitative – may be used to identify what is meant by a small business: number of employees, investment, assets, turnover, ownership, etc. The objective is to arrive at a definition of small business that allows for flexibility when designing programs and incentives for the sector, and that does not require legislation every time that the definition needs to be adjusted. Generally, the Bill provides a broad definition, while providing the flexibility to adjust the definition to meet specific programmatic objectives.

The focus group arrived at the following definition that combines both qualitative and quantitative criteria for describing small businesses. In addition, the Minister is given the

authority to alter the quantitative criteria, upon the recommendation of the Council, when the need arises. Broadly speaking, the definition of small business includes the following:

1. **Legally established:** A small business must be incorporated or registered under the Companies Act 1991, the Business Names (Registration) Act or the Partnership Act;
2. **Independently owned and operated:** A small business is one that is owned and operated by the same people. It is neither part of a holding or a public company and it is operated on a profit-making basis;
3. **Quantitative criteria:** Some broad criteria to delimit size were chosen and an enterprise fulfilling two of these criteria and both 1 and 2 above, would be identified as a small business. Employment: not more than 50 employees; Revenues: not more than 40 million dollars; Assets: not more than 20 million dollars.

The Bill gives the Minister the power to alter the quantitative criteria as circumstances require, after consultation with the Small Business Council. This is a matter of practicality and flexibility, to be able to adjust the criteria due to changes in the value of the Guyana dollar and to be able to target certain small business sub-sectors with specific incentives and programs.

## **PART II - ADMINISTRATION**

This Part of the Bill provides the institutional and administrative mechanisms for implementing and monitoring the Bill. A proposed consultative body, called the Small Business Council, will be created to provide regular input and feedback from the private sector. This Council will work closely with a new unit - the Small Business Unit (SBU) - within the Ministry of Trade, Tourism and Industry that will be charged with monitoring the Bill. The Small Business Unit will occupy a permanent position on the Council.

The Council will be a private-public body that will provide the Government with reliable information on all matters that affect or may affect small business. It will also ensure that small businesses have a formal mechanism for advocating and lobbying their interests, to ensure that small business stays at the forefront of governmental policy decisions in the future. The Council will have a majority of small business representatives from both national and regional bodies and organizations.

### **Constitution of the Small Business Council:**

With a total of 13 members, the Council will have ten private sector representatives and three public sector representatives. Of the ten private sector representatives, the eight bodies or organizations that will provide the small business representatives must be legally constituted and operating within the legal framework as provided by their governing legislation. They must be able to demonstrate that their members, beneficiaries or primary focus are predominantly small businesses as defined by this Bill. Their representatives on the Council must all be owners of small businesses as defined by the Bill. The remaining two members will be from financial institutions, the clientele of which is made up of a majority of small businesses as defined by this legislation.

The eight bodies will be divided among those that have regional as well as national small business interests. The regional Chambers of Commerce will designate three separate Chambers to select three small business members to represent regional small business interests.

The NGO Forum will designate three bodies or organizations that represent or promote small business to select three members. One of the NGO representatives shall represent Amerindian small business interests.

The Private Sector Commission will designate two private sector organizations from among its members to select two members representing small business.

The Council will be rounded out with two representatives from the financial sector. Given the importance of financing for small businesses there will be two members representing bodies that have a substantial interest in dealing with small businesses. This will include a representative from a non-bank financial institution, to be designated by the Minister of Trade, and one representative selected by the Banker's Association.

The member small business organizations shall be rotated every three years to ensure that all interested small business bodies or organizations are represented on the Council over time. In addition, the representative organizations shall each serve three year terms, except for the initial terms. Initially, three of the eight private sector members (one each from the Chambers, NGO Forum and Private Sector Commission) will serve two year terms, while the other five will serve three year terms. This will ensure continuity among several of the Council members each time the member organizations are rotated.

The three public sector representatives will include the Minister of Trade, Tourism and Industry as Chairperson, another nominee from the Ministry of Trade (most probably the person responsible for the Small Business Unit), and a representative from the Ministry of Finance. The member from the Ministry of Finance is considered essential, as it is expected that the sector will from time to time request concessions and incentives that will impact the annual budget. The choice of the Minister as Chairperson is also viewed as essential to highlight the commitment of the Government to this sector and to ensure that the views and proposals presented by the Council to the Minister are represented at the highest governmental level in the Cabinet.

The initial composition of the Council will be as set out in the Bill as herein before described. Once constituted, however, the Council will have the authority to modify its own composition having regard to prevailing circumstances.

### **Functions of the Small Business Council:**

The Council will have three major functions:

1. Review and comment on all draft legislation that may affect or impact small business. This will include all matters related to private sector or economic development in which small businesses may become involved. It will be the Council's responsibility to gather through its

membership and representative bodies comments and suggestions on any legislation that may impact the sector.

2. Prepare and submit to the Minister, annually by the 30<sup>th</sup> September, a Small Business Policy and Administrative Reform Agenda. This Agenda will be the sector's opportunity to make its priorities known to the Government, in time for the Government to take them into consideration in preparing the annual budget. It will address specific issues and propose solutions. The Agenda can be updated and modified on an annual basis and will serve to monitor the Government's commitment to the sector.
3. In cooperation with the Small Business Unit, the Council shall, within 90 days of the end of each financial year, present to the President a report outlining government's progress on developmental issues, streamlining administrative procedures, governmental procurement from small businesses, initiatives to facilitate access to finance, on fiscal incentives and the general evolution of the sector through statistical report.

To ensure that the Council quickly gets focused, the legislation requires the Council to produce the first Small Business Agenda within 90 days of passage of the enactment of the Bill. This will help facilitate the Government in defining the agenda for the first year insofar as any administrative or legal reforms that will be required to achieve the goals of the legislation, namely, improving the environment for small business. Examples of such initiatives could include: establishment of a national policy for small business development, a compilation of administrative and regulatory reforms required for the sector, publication of an official business registration roadmap, or a list of fiscal incentives and concessions available to the sector.

The Council will meet quarterly and a quorum will be fixed as 5 members, with at least four representatives from the small business sector. The Small Business Unit will be responsible for the minutes of the meetings and will generally act as the Secretariat for the Council. The members of the Council will not be remunerated, nor will there be any permanent offices established, as its role will be primarily advisory in nature and will represent the private sector's contribution and commitment to the development of the small business sector. The members will, however, be paid travelling and subsistence expenses to facilitate their attendance at meetings of the Council.

### **Small Business Unit:**

The Small Business Unit of the Ministry of Trade, Tourism and Industry will have responsibility for ensuring that small business needs are recognized in all aspects of governmental affairs. The Small Business Unit will work closely with the Council on all issues relating to the developmental needs of the sector. It will liaise with other ministries and agencies to ensure that the Government responds to the needs of the sector. In addition to monitoring the Government's progress in implementing this legislation, the Unit will inform other ministries and agencies of initiatives undertaken to promote the small business sector. A large portion of the Unit's responsibilities will be to coordinate activities, especially with international donors, within the sector.



Finally, the Small Business Unit will act as the Secretariat to the Council and will provide annual reports on the Government's progress towards improving the environment for small businesses. The Unit will keep necessary statistics on the sector and make this information available to any body that requires it.

### **PART III – FINANCIAL PROVISIONS**

This Part deals with the commitments that the Government will make with respect to any financial concessions and programs for small business. The legislation includes three broad yet important areas: access to finance and non-financial services, access to markets, and fiscal incentives. These benefits will be made available only to legally established small businesses as defined by this Bill. One of the main benefits of the initiatives described herein is to encourage informal businesses to become formally established. This will result in the provision of more opportunities for them as legally established businesses, as well as more tax revenues and transparency for the Government.

#### **Access to finance and non-financial services:**

As with most small businesses throughout the world, access to finance and non-financial services is a major constraint to growth. Governments everywhere have made it their business to ensure that access to finance for small businesses is assured, thereby securing the necessary economic gains from the sector. It has been conclusively demonstrated that access to finance, and not the cost of credit, is the key to small business financing.

At the same time, it is widely recognized that small businesses require training, advisory, consulting and information services to improve their productivity and competitiveness. Many improvements in small business performance come from owners and employees enhancing their own skills and capacity. Finally, this support and assistance for small businesses must come from strong representative organizations in the private sector.

Through the establishment of the Small Business Development Fund, the Government will target efforts to stimulate increased small business financing, support non-financial services, as well as strengthen private sector bodies and organizations representing, promoting, and supporting small business development.

A loan guarantee program implemented by the Government under the Small Business Development Fund will encourage commercial banks to increase lending to small businesses. Loan guarantees will allow small businesses with positive cashflow and viable activities, but which often lack the collateral required by banks, to obtain adequate bank financing. By offering to share the risk with commercial banks on small business loans, on a loan-by-loan or portfolio basis, the Government can undertake an extremely cost-effective way of assisting the small business sector and stimulating the economy.

There are many loan guarantee models that can be adapted to Guyana. Initial funds for such a guarantee may be obtained from donors and/or could be financed through an annual line

item in the budget. The details will need to be worked out, in collaboration with the Ministry of Finance. Some guiding principles should include: small businesses clients pay for the service, participating commercial banks and other financial institutions share the risk with the loan guarantee program, and the program must be financially sustainable.

The Bill will permit the Government as well to support and facilitate programs that offer non-financial services to small businesses throughout Guyana. This might include cost-sharing with private sector bodies and organizations that are specialized in the development and delivery of such services as training, marketing, and financial planning. It will also enable the Government to provide financial and other support to strengthen these private sector organizations involved in small business development.

The Bill allows for the details of this fund to be determined at a later date, recognizing current resource constraints, but makes the commitment to work towards providing a mechanism that can address issues concerning access to finance, non-financial services, and institutional strengthening.

### **Access to markets:**

One of the largest purchasers of goods and services in any country is the public sector itself. As a result, the Government can take a leading role in increasing small business access to markets by reserving or setting aside a portion of its annual procurement budget for small business, as defined by this Bill. The Government can also require that large business suppliers subcontract a pre-determined percentage of their public sector contracts to small businesses. Long-term benefits of this action will be the increased private provision of public services and increased tax revenues, as only legally established businesses will be able to supply goods and services to the Government.

The Ministry of Trade, Tourism and Industry will annually prepare a Small Business Procurement Program. This will outline the previous year's procurements by each ministry and agency, as well as indicate initiatives, measures and opportunities that may be undertaken to increase governmental procurement from small businesses. It will also report on governmental procurement for the year to ensure that small businesses make up at least 20% of the annual budget for the Government (this amount can be increased as needed).

### **Fiscal incentives:**

In this section, the Government states its commitment to ensuring that small business are recognized in the annual process of establishing or modifying fiscal incentives and that they are treated justly in the process. This action is supported in two ways: within 90 days of the passage of this Bill the Ministry of Finance will prepare a list of fiscal concessions and incentives that may apply to small business; and the Council will submit annually a Policy and Administrative Reform Agenda that may include requests for revisions and additions to incentives. Based on the Ministry of Finance's List, the Council can begin to examine the existing incentives and propose concrete measures that can be taken to enhance the tax and incentives regime from the view of both small business and the Government.

Fiscal incentives may be the single greatest factor that will encourage informal businesses to formalize their activities. In addition, these incentives need not be limited to tax concessions, but can also be extended to improve the skills and management capabilities of small businesses also. For example, training incentives, capital investment concessions, or export initiatives may be instituted as fiscal incentives to small businesses.

### **List of possible specific measures:**

The following is an abbreviated list of measures that were discussed in the focus group of May 16, 2000 and represent some of the measures that the Council and various ministries and agencies may address to improve the environment for small business. Some of these may already be in the Government's scope for delivery and if implemented in conjunction with the enactment of this Bill, would go a long way in demonstrating the value of the legislation and the Government's commitment to small business.

<b>Financing</b>	<b>Fiscal</b>	<b>Human Resources -Training and Support Services</b>
<ul style="list-style-type: none"> <li>• Venture capital support</li> <li>• Easier financing terms</li> <li>• Loan guarantees</li> <li>• More and easier access to land and capital</li> <li>• Government subsidies for start-ups</li> <li>• Establishment of a range of financial and institutional systems to facilitate small business development</li> <li>• Better credit facilities</li> <li>• Incentives to encourage banks to lend to small business: reduce depository requirements; reduction of taxation on revenues from small business loans</li> <li>• Confidentiality of business proposals</li> </ul>	<ul style="list-style-type: none"> <li>• preferential tax policy</li> <li>• customs exemptions</li> <li>• tax exemptions - simple process</li> <li>• sound incentive regime</li> <li>• fiscal incentives not related to income tax only: technology modifications, product development, mechanisation allowance, trade fair expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Special incentives and prizes to encourage entrepreneurship (e.g. Small business man/woman of the year)</li> <li>• Access to much needed technical assistance (e.g. how to turn cost efficient operations)</li> <li>• Technical and legal support</li> <li>• Access to appropriate technologies</li> <li>• Access to training: for products/services; for management</li> <li>• Entrepreneurial training in schools</li> <li>• Skilled vocational base</li> <li>• Network for support services throughout Guyana</li> <li>• Business incubators</li> </ul>

Legal	Markets	Institutional
<ul style="list-style-type: none"> <li>• Simplification of business registration procedures</li> <li>• Enforcement</li> <li>• Ensuring the least bureaucracy as possible--from Government--to set up and continue and windup businesses</li> <li>• A Small Business Act to provide a guide for all parties involved</li> <li>• Quickening pace of determination of litigation in Court re: small business</li> <li>• Simplified procedure for establishing and realization of collateral (e.g. bill of sale on vehicles)</li> <li>• Laws on enforcement which prevent unfair/illegal competition</li> </ul>	<ul style="list-style-type: none"> <li>• marketing guidance</li> <li>• organise sub-contracting activities</li> <li>• networking to access information</li> <li>• market information</li> <li>• linkages in terms of marketing</li> <li>• preferential procurement policies</li> <li>• government procurement and small business set-asides</li> <li>• availability of markets</li> <li>• Business information database (region, sector, size, activity)</li> <li>• Access information for - product information - markets - partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• provide a process to improve monitoring of small businesses with regard to their contribution to the revenues of the State</li> <li>• Institutional advocacy and lobbying support</li> <li>• Government agency to provide administration and assistance specific to the SME sector</li> <li>• Small business association to provide representation at all levels locally and internationally</li> <li>• Organised groups of small businesses for - lobbying and - efficient access to resources</li> </ul>